



**DEPARTMENT OF THE NAVY**  
BOARD FOR CORRECTION OF NAVAL RECORDS  
701 S. COURTHOUSE ROAD, SUITE 1001  
ARLINGTON, VA 22204-2490

Docket No. 12120-24  
Ref: Signature Date

Dear [REDACTED],

This is in reference to your application for correction of your naval record pursuant to Section 1552 of Title 10, United States Code. After careful and conscientious consideration of relevant portions of your naval record and your application, the Board for Correction of Naval Records (Board) found the evidence submitted insufficient to establish the existence of probable material error or injustice. Consequently, your application has been denied.

A three-member panel of the Board, sitting in executive session, considered your application on 13 May 2025. The names and votes of the members of the panel will be furnished upon request. Your allegations of error and injustice were reviewed in accordance with administrative regulations and procedures applicable to the proceedings of this Board. Documentary material considered by the Board consisted of your application, together with all material submitted in support thereof, relevant portions of your naval record and applicable statutes, regulations, and policies.

The Board determined that your personal appearance, with or without counsel, would not materially add to their understanding of the issues involved. Therefore, the Board determined that a personal appearance was not necessary and considered your case based on the evidence of record.

On 15 February 2022, you were issued official separation orders (BUPERS order: 0462) while stationed in [REDACTED] with an effective date of departure of August 2022. Furthermore, the following information was provided: "Present CO directed to detach member in time to permit completion separation processing not later than 31 Aug 2022 IAW MILPERSMAN 1050-300 series." You were issued official modification to separation orders 0462 on 18 March 2022 with the following information: "Present CO directed to detach member in time to permit completion separation processing not later than 31 Aug 2022 IAW MILPERSMAN 1050-300 series."

On 3 August 2022, your Reporting Senior signed your Detachment of Individual/Regular Fitness Report and Counseling Record for the period of 1 February 2022 to 31 August 2022.

You resigned with an honorable character of service and were issued a Certificate of Release or Discharge from Active Duty (DD Form 214) for the period of 7 July 2018 to 31 August 2022 upon completion of required active service. Signed by Official authorized to sign on 11 September 2022. Furthermore, block 16 (Days accrued leave) listed 11.0.

Your Master Military Pay Account (MMPA) of 22 December 2022 shows the following (Leave):  
“ENTRY-OPEN-DT 220826 01 09 1 ACTN 01 DEPART 220823 RTRN 220831 AUTH-NR  
PA05906 TYPE P ACCT-TYPE 1 DAYS-COUNT 009 AREA 1 ENTRY-OPEN-CLOSD 1.”

On 3 December 2024, the Defense Finance and Accounting Service (DFAS) notified your Congressman that “[t]his is in response to your inquiry on behalf of ██████████, concerning her indebtedness with the Department of Defense.”

“In your inquiry, ██████████ stated a concern that she has a debt with DFAS for income tax withholding; however, documentation from the Internal Revenue Service (IRS) shows that the debt is invalid. Upon review of the documents and her payroll record, we determined the debt remains valid.”

“On July 12, 2024, we mailed a debt notification letter to ██████████ for her debts totaling \$14,745.78. Our letter explained that the debt was due to an over-deduction of Federal Income Tax Withholding (FITW) and/or State Income Tax Withholding (SITW) paid on her behalf, after her Date of Separation (DOS) of August 31, 2022, to the Internal Revenue Service (IRS) and/or state taxing authority, and an erroneous Mid-Month payment issued after her DOS.

Debt First Part. ██████████ would receive the benefit of the over-deduction when filing her tax return, since the over-deduction would reduce her tax liability for the year. Her FITW debts are in the amount of \$2,533.64 for Fiscal Year (FY) 2022 and 57,894.87 for FY 2023 ( $\$2,533.64 + \$7,894.87 = \$10,428.51$ ).

██████████ month of separation was August 2022. Her September 2022 Leave and Earning Statement (LES) indicated that she was paid a Mid-month Payment, but not an End of Month Payment. Her End of Month Payment was in an unpaid Held Pay status as indicated on her September 2022 LES. Due to an administrative error by her unit or Navy personnel/finance office, ██████████ separation was not processed in a timely manner, and her LES continued to post erroneously from October 2022 through February 2024.

Entitlements and deductions, including FITW, posted to each LES, but all payments remained in a Held Pay status. She received no payments from September 16, 2022 through February 28, 2024, after her date of separation. Although ██████████ received no payments after September 16, 2022, FITW was being paid by the Navy on her behalf to the taxing authorities. Her FY 2022 and FY 2023 FITW could not be recovered from the taxing authorities, and therefore, could not be refunded.

In accordance with the IRS Publication 15, Circular E, Employer’s Tax Guide, tax withholdings paid in a prior tax year cannot be refunded. Her 2024 FITW was refunded and applied to her debt, but the FY 2022 and FY 2023 FITW were withholdings in a prior year and could not be refunded. ██████████ would receive the benefit of the 2022 and 2023 additional withholdings when her income tax returns or amended tax returns are reconciled.

Debt Second Part. As stated, ██████████ DOS was August 31, 2022, but she received an erroneous September 15, 2022. Mid-month Payment. The Mid-month Payment was in the amount of \$4,317.25. A \$0.02 Medicare withholding was added to the debt and she was indebted in the amount of \$4,317.27.

[REDACTED] current debt balance is as follows: \$14,745.78 - Debt for FITW and pay after DOS \$175.65 - Interest, Penalties and Administrative Fees (1.741,40)-Collections- \$13,180.03 - Debt due US Government.

If [REDACTED] believes that an injustice occurred, she may request that the Board of Corrections of Naval Records consider this matter. Enclosed is an Application for Correction of Military Records (DD Form 149) that she may forward, with all supporting documentation, to the applicable address on the form.

As an avenue of possible relief from her debt, [REDACTED] may apply for a waiver of her debt, with the enclosed a Waiver/Remission of Indebtedness Application (DD Form 2789). For waiver processing, a debtor must acknowledge the validity of the debt.”

You requested to have your My Pay account to reflect that you separated in September 2022, that you received zero income, account was ended and received zero tax accounting. The Board, in its review of your entire record and application, carefully weighed all potentially mitigating factors, to include your assertions. The Board agreed that in accordance with orders 0462, you were separated from the Navy correctly on 31 August 2022 and due to untimely processing, you acquired a debt. The Board determined that changing your record to show that you served on active duty until the end of September 2022 is not appropriate. Furthermore, the Board agreed that it cannot waive or cancel your out of service debt and because your debt is in part due to FITW being paid by the Navy on your behalf to the taxing authorities, your best avenues for relief are to file amended tax returns as stated in the DFAS letter of 3 December 2024 to your Congressman. They explained that you would receive the benefit of the 2022 and 2023 additional withholdings when your income tax returns or amended tax returns are reconciled. Additionally, you may submit a Waiver/Remission of Indebtedness application (DD Form 2789) to DFAS.

You are entitled to have the Board reconsider its decision upon submission of new matters, which will require you to complete and submit a new DD Form 149. New matters are those not previously presented to or considered by the Board. In this regard, it is important to keep in mind that a presumption of regularity attaches to all official records. Consequently, when applying for a correction of an official naval record, the burden is on the applicant to demonstrate the existence of probable material error or injustice.

Sincerely,

5/20/2025

[REDACTED]

Deputy Director

Signed by: [REDACTED]